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FOR POLITICAL AND ECONOMIC REALISM

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THE MASTERY OF THE EVENT (Or, Steps for the Re-Shaving of Shagpat)

Following is the substance of the Address by the Chairman of the Social Credit Secretariat, Dr. Tudor Jones, delivered in London on September 12. Mr. H. R. Purchase presided:—

Mr. Chairman, Ladies and Gentlemen. You, Mr. Chairman have just mentioned that this is the first time we have met in London as a body of Social Crediters supporting the Secretariat, and their friends, since Major Douglas died. An earlier attempt to arrange a meeting fell through, for reasons into the nature of which I need not enter, and the blow we have suffered has now had nearly a year to show its effects. I think we can congratulate ourselves that they are not worse than they actually are. I think that they are not in great part attributable to the care and foresight of Douglas himself in defining the principles which must underlie not only an association such as ours but any association for a common objective, unless it is to be speedily deflected from its policy. I think that they are not greater is also due to the degree of understanding shared by most of us. There are some exceptions; but they are few, and in every case which has come to my notice their misunderstandings long ante-date Douglas's death. I do not hope to contend successfully with a psychological situation with which he and I jointly could not contend successfully, try as we might. When he had done his best, he let sleeping dogs lie, or barking dogs bark themselves out, whichever you like; and I think there is one point there which I would emphasise, namely the assertion that our misgivings, such as they are, are occasioned by the actions of persons whose attitude towards the Secretariat which Douglas founded gave us concern and caused us trouble long before last September. I do not believe there is a trouble centre of which I am not informed, and I say that in every case the trouble-maker was a trouble-maker for many years before the dawn of 1952. They were not known to be to those who worked side by side with them in some cases, and if they are now coming into the open it is with a sideways suggestion that "only now . . ."; etc., etc. If the total is not above half-a-dozen, half-a-dozen resolute people may do much harm: we must wait and see how much.

As Mr. Purchase has told you, my intention is to elaborate some paragraphs written in *The Social Crediter* concerning our plans for the future.

But before I embark on that topic, there are one or two questions which I have already received, the answers to which bear upon what I have to say later, and it may economise in time if I anticipate some of the later passages of my address.

"Why is it difficult to get women interested in Social Credit?"

It has often been remarked that whereas women are

often in a majority at meetings of any kind, or of some kinds, men are always in the majority at Social Credit meetings. I don't think the question is by any means frivolous. The question was raised in the cabin of Douglas's yacht at St. Mawes the day before the Ashridge Address, and Mrs. Douglas made the remark that what deeply concerned her was the attitude of the woman who put a drag of restraint upon her mate when he touched some interest which she feared because she sensed that it was compromising to his material success—and to hers, of course.

Now, if I may say so, I think that places the emphasis in the right place. Indeed, I might leave it at that, if it were not for the fact that it may pass unnoticed that the mere complicity in a standard of social behaviour which is, after all, pretty common, and seemingly becoming commoner, does not by any means exhaust the implications of the remark. There are a few women who know that Social Credit is right intuitively. I suggest that if they are not making Social Crediters of their husbands it is because their husbands are not made of suitable material. I think that if instead they made Social Crediters of their male friends, the result might be socially undesirable. That may sound cryptic; but I mean that Social Credit is that sort of thing: it touches the deepest interests and concerns of men and women, and once you touch those interests and concerns—the consequences are more far-reaching than you anticipate.

I think you will see when I have come to the end of this argument that I am not disparaging men or women: I am trying to put both in the right relationship to Social Credit. But to do so they must be put in the right relationship to one another. I do not put forward this theory with any suggestion that it belongs to the sound doctrine of Social Credit, though I believe that if it is right it probably does. I am merely stating a case. You know as well as I do that, for the production of human offspring two processes are necessary: impregnation and gestation.

The result of the two processes in conjunction is a *corpus*, a body, a living body truly, but a body weighing usually about seven to nine pounds on the scale where the nurse places it as soon as she conveniently can. No male has ever given birth to a baby: the role of the male is impregnation not gestation. He is not less important on that account, but all his efforts achieve is a material body. Now you know further that while this is so, the potentialities of the sexes are the same, a fact that is recognised in embryology by representing the sexes according to the formulae $W + m$ for the male, and $w + M$ for the female. In other words we say the Wolfian element is in the ascendancy in the male, but the Müllerian element in the female. It has long been a favourite speculation of mine whether in the matters of the spirit the like process does not operate; but that here the role of the sexes is actually reversed, and it is the male who performs the gestative function, while the masculine, impregnative role is performed by the female—and woe be to her if it is not performed with due secrecy

and unconsciousness. ("And thy Father which seeth in secret himself shall reward thee openly.") This is not Benjamin Kidd's notion of Woman as the bearer of the "emotion of the ideal," nor is it the "Service of the Soul" symbolised by the "Service of Women." The notion could very profitably be expanded.

If, as Douglas once said, politics really should not be the main preoccupation of most men, it certainly should not be the preoccupation of most women. We should be able to take the authenticity of the state of society in which we live for granted, and start from there. The world is demonstrating more and more clearly why we cannot start from there. Its very foundations are false. I am greatly impressed by the evident experience of the Church that the monastic function, whatever it is, cannot stand the strain of full physiological life. I have met priests who are insistent that the priestly life is in no sense *above* the common life of the community. "He that is greatest, let him be as the younger." Briefly, I do not think that if it were the case that women are not interested in Social Credit to the extent of busying themselves with our affairs it would reflect in any sense upon them or upon us. The perversions which man has suffered at the hands of Finance are evenly distributed. It looks as though, in the situation with which we are trying to deal, both men and women have abdicated in regard to the discharge of their higher functions.

Quite of a different kind is the question:—"I have found in my dealings with others that sometimes if one puts forward a criticism of some proposed policy or line of action—stating that it is incompatible with Social Credit (to which one has given one's adherence) the reply is something to the effect that 'while so and so is the case regarding the present financial and economic system, Social Credit is not a 'panacea,' and at any rate it is only dealing with part of to-day's problem. Things have changed in the industrial set-up in the last decade, and a restatement of Douglas's thesis is required.'"

To begin at the question-begging end, no fundamental change whatsoever has taken place during the past half-century at least, except an acceleration in increase of scale. It is still the pretence of Finance that the total financial cost of production can be recovered in prices (taxes are prices). It can't. When it can, the fundamental principle of Social Credit will have been ceded, and debt will be on the way to extinction. The deficiency is made up by practically costless bank-credit, and the purpose of concealment of the fact is to hide the quite arbitrary nature of the procedure, which determines policy. War is incidental.

The which-step-do-we-take-first dilemma is one which is said to afflict centipedes, among whom it might have some justification. I cannot see how it can really trouble any realistically-minded man. It doesn't matter how many or how few steps there are between a man in a hole and his objective at whatever distance from the hole, nature decides that he can never in any circumstances take the second step before the first. We are in a hole, and once that is conceded, if also it is conceded that getting out of it is only one step towards an undefined and perhaps not so blissful future, the first step is the step out of the hole. The hole we are in is determination of the objectives for which we toil in society by a hidden minority who have power to enforce their will. That power is exercised through the misuse of money, in the broadest sense. We must put a stop to that. That is the first step, and all we assert, so far from our advertising a panacea is that many things will

be different when we have taken it, and generally other problems will be easier to solve. At this stage, at all events, we are not urging this or that solution of those other problems, and we admit their existence with perfect candour. But, we say, neither you nor we can begin to solve them until you have the power to do so, and you haven't. You must get it: that is the first step. Now it is true that there are many illusory ways of taking the first step—many useless as it were muscular jerks—which do not add up to the step contemplated. But that is really quite another matter, and if you desire to move your political limbs properly, there is really nothing to prevent you from learning.

Now it is the question of that desire to move our political limbs properly that is my deep anxiety at the present moment, and here, therefore, the substance of my address properly begins.

Side by side with a considerable admiration, the intensity of which I think some of you would scarcely believe, for *The Social Crediter*, there has been throughout the years a steady disparagement of its peculiarities, which has its origin in a theory of our mission which leans, sometimes lightly, sometimes heavily to belief, dear to the heart of intellectuals, rationalists *par excellence*, that the complex society in which we live is directed and maintained in its courses by intellectual conviction, and therefore you must always be looking around for something which someone can understand and must be for every busy communicating that something to that someone. Insensibly, the minds of such people are turned to numbers. It ceases to be the quality of the idea, the importance and significance of the idea communicated which matters most: what matters most is how often you can communicate an *acceptable* idea to a different person. Without going over very familiar ground, that is nonsense. The world doesn't work like that. *How* it works is entirely a different matter. It does *not* work like that. By pursuing that path, all you do is to drop steadily to lower and lower levels of consciousness to touch broader and broader fields of ineffectual conviction. The end, if there is an end, is to swing whole populations into *assent*, recorded by the simplest and most mechanical agencies—a plain cross, which must have diagonal lines to it, not a vertical and a horizontal line even, on a piece of paper, dropped secretly into a slot, but assent to something quite unrelated to any intelligible policy.

I have heard the case argued with Major Douglas himself: says the questioner: "Well, couldn't you alter it just a little, so that . . . ?"—"So that what?" Douglas has asked; but at that point the questioner breaks down, for he well knows that what he *must* say, but dare not because it exposes his bias, is "So that what is said more closely matches what the reader expects to be said, because his mind already contains it." "We descend to meet."

I am not concerned any longer to contest this argument, because, as already announced in *The Social Crediter*, we have decided upon a new course. What I do want to make clear is my opinion that one of the chief reasons for the failure of *The Social Crediter* to effect the objects of maintaining it in existence is the draining away of its potential by the disparagement it has suffered in this way. Unless we do something, that will go on, and must, if that should be so, completely negative any gain we make. At a time when, whatever the grave apprehensions which disturb us and everybody else, there are signs of a clarification of what we may call the effective public mind, that would be a pity.

What *The Fig Tree* will do on its appearance is first of all to short-circuit the argument about what it *ought* to be doing. It will be quite obviously clear what it *is* doing. There will be no doubt about it. It will look what it is. It will have the face and expression of its character. If, in the reader's opinion it ought to be doing something else, there will at least be not the slightest doubt that it isn't. I think that degree of definiteness will be a great assistance. The overriding peculiarity of the kind of journal I have in mind is that very few people who read them expect to find all the articles equally attractive. They read some and look at others. They choose. What guides their choice is individual predisposition, taste, interest. Who are they to be?

I do not want to frighten anybody off by too boldly nominating him as a future subscriber to *The Fig Tree*. The nucleus of its circulation will, we hope, indeed we expect, be the present subscribers to *The Social Crediter*. But we are looking farther afield than that. When Douglas said he was no longer looking for people to convert but for someone with a problem to solve, he defined exactly what we are doing now, though many of us were not doing it then. Who are they? Where do we find them? I give you four selected groups of people in the community where I personally have found a growing uneasiness, and a sense of restlessness and a consciousness of something missing, something to be straightened out, something to be contested.

They are (1) a growing body of critical, thwarted, young research workers in the physical and medical sciences, (2) a distinct group of men usually older but many younger men as well who have come up against the problem of the Constitution. They are lawyers. Then (3) there is the agitated, moving, shifting, field, characterised by immense energy we should say ill-directed, in some cases evil and mischievous, of the Labour movement. To do anything with any one of these opportunities means that we must, I believe, understand what is happening and why it is happening much more deeply than we do at present. Lastly there is the very able following of the psychiatrist Jung, embedded it may be in the doctrine of higher reality as a "projection" of the mind, but already acquainted and concerned with some features which are basic to our problem.

Someone writes to me "I think quite clearly most of us Social Crediters are looked upon by others as peculiar (in the worst sense) and it may be our manner towards others that puts them off." I have noticed it. If you met a man out tiger shooting whose notion of the procedure was to stand and address the tiger in words such as these, for example: "Now you know, tiger, I am in a position of great advantage. In the first place I am mounted, let me tell you, on the most splendid elephant that has ever trod this or any other jungle. In the second place, I am armed with a very fine rifle, the mechanism of which it would require a much greater man than I thoroughly to understand, but a rifle of potentialities of what I believe is called 'muzzle-velocity' and accuracy of sighting quite exceptional. My elephant was carrying it in his trunk when I met him. Don't you see, tiger that discretion would certainly be the better part of useless valour?" Tigers, though I have never met a tiger, are perfectly well aware that it is the aim and skill and intrepidity of the marksman that matters far more than his dubious speeches. And so it is with the bit of hunting with which we are concerned. I suggest that if we

do not assume powers which we do not possess, but steadfastly use those powers which we do possess—and that by the Grace of God, and not by any power of our own, except that we have placed ourselves at its disposal—by some Rule of universal application, these suffice for what tasks can be justly expected of us to perform. If we do not borrow or steal credit, but confine ourselves to the employment of what credit is naturally given to us, or divinely given to us in the practical affairs of life, it suffices. I think to behave otherwise is 'peculiar,' and, as my correspondent says, '(in the worst sense).'

Their own ardour offers the strongest temptation to most Social Crediters to tread those paths (or that path; for, really, it is only one path) which even angels fear. Figuratively, it is the temptation to extend one's reach to such a point that the balance is disturbed.

What I have to say in the rest of this address may be represented as leading into temptation of this kind. I am in a dilemma. Either I can say as cheerfully as I may what is in my mind, or I can fall down on what seems to me to be a necessary and a vital communication.

My minds goes back to a day about three years ago, when Douglas stopped his car at the northern end of the famous avenue of trees leading out of Aberfeldy. He looked across to the river and the town beyond it in silence, and then said, very slowly and with deep gravity:—

"You know, T.J., I think the time is approaching when we shall have to *challenge* this monstrous and fantastic overgrowth of industrial expansion—fundamentally. Really, you know, I personally can see nothing particularly sinful about a *small* dynamo; but this thing we've got is past a joke. If it isn't a joke, it is Satanic."

Well, now ladies and gentlemen, I'm quite agreeable. I don't know whether you are; but to those of us who are, How are we going to do it? I submit that the time envisaged by Douglas has come; and I say again: How are we going to do it; How are we going to challenge, and successfully challenge, what he called 'this monstrous overgrowth of industrial expansion'?

During the past six months I have been giving particular attention to the question, which seems to me to be the first question to be asked—and answered!—What is it we are challenging? In this pursuit I have stumbled—or have been led—upon some very astonishing things: things I knew about before, things I have known all the time. But suddenly they have assumed a new perspective. And suddenly they have assumed more than the appearance of a direct relation to Social Credit and to the predicament of our Social Credit movement.

"Deem me not self-willed, nor with pride high-strung,
That I am dumb; my heart is gnawed to see
Myself thus mocked and jeered. These gods, to whom
Owe they their green advancement but to me?
But this ye know; and, not to teach the taught,
I'll speak of it no more. Of human kind,
My great offence in aiding them, in teaching
The babe to speak, and rousing torpid mind
To take the grasp of itself—of this I'll talk;
Meaning to mortal man no blame, but only
The true recital of mine own deserts.
For, soothly, having eyes to see they saw not,
And hearing heard not; but like dreamy phantoms,
A random life they led from year to year,

All blindly floundering on. No craft they knew
 With woven brick or jointed beam to pile
 The sunward porch; but in the dark earth burrowed
 And housed, like tiny ants in sunless caves.
 No signs they knew to mark the wintry year:
 The flower-strewn Spring, and the fruit-laden Summer,
 Uncalendared, unregistered, returned —
 Till I the difficult art of the stars revealed,
 Their risings and their settings. Numbers, too,
 I taught them (a most choice device) and how
 By marshalled signs to fix their shifting thoughts,
 That Memory, mother of Muses, might achieve
 Her wondrous works. I first slaved to the yoke
 Both ox and ass. I, the rein-loving steeds
 (Of wealth's gay-flaunting pomp the chiefest pride)
 Joined to the car; and bade them ease the toils
 Of labouring men vicarious. I the first
 Upon the lint-winged car of mariner
 Was launched, sea-wandering. Such wise arts I found
 To soote the ills of man's ephemeral life;
 But for myself, plunged in this depth of woe,
 No prop I find.

* * *

Hear me yet farther; and in hearing marvel,
 What arts and curious shifts my wit devised.
 Chiefest of all, the cure of dire disease
 Men owe to me. Nor healing food, nor drink,
 Nor unguent knew they, but did slowly wither
 And waste away for lack of pharmacy,
 Till taught by me to mix the soothing drug,
 And check corruption's march. I fixed the art
 Of divination with its various phase
 Of dim revealings, making dreams speak truth,
 Stray voices, and encounters by the way
 Significant; the flight of taloned birds
 On right and left I marked—these fraught with ban,
 With blissful augury those; their way of life,
 Their mutual loves and enmities, their flocks,
 And friendly gatherings; the entrails' smoothness,
 The hue best liked by the gods, the gall, the liver
 With all its just proportions. I first wrapped
 In the smooth fat the thighs; first burnt the loins,
 And from the flickering flame taught men to spell,
 No easy lore, and cleared the fire-faced signs
 Obscure before. Yet more: I probed the Earth,
 To yield its hidden wealth to help men's weakness—
 Iron, copper, silver, gold. None but a fool
 A prating fool will stint me of this praise.
 And thus with one short word to sum the tale,
 [I] taught all arts to mortal men."

The lines I have just repeated are not, ladies and gentlemen, as you may suppose, the work of Miss Florence Horsburgh, or even of the chief permanent official of the Ministry of Education. Nor are they the boastful composition of someone in the advertising Department of Imperial Chemical Industries. They are not, at all events in their original form, of modern composition at all. They were written in the original Greek certainly not later than four-hundred and sixty-five years before Christ by the dramatic poet Aeschylus, and record the personal opinion of his own merits and accomplishments of one Prometheus, a Titan.

(To be concluded.)

THE SOCIAL CREDITER

This journal expresses and supports the policy of the Social Credit Secretariat, which is a non-party, non-class organisation neither connected with nor supporting any political party, Social Credit or otherwise.

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Saturday, September 19, 1953.

From Week to Week

Distasteful as it must be to *The Times*, should anyone find a chink in its carapace sufficiently undefended to insinuate the suggestion in public view, the concern exhibited in its columns over the alleged shortage of young men of "the right quality" in industry and the professions is too narrowly concentrated on the export trade. What an interesting correspondence would arise if *The Times* inadvertently shifted its quotation marks! "The 'Right' Quality" should be the topic under consideration. Right for whom? Right for what? Intelligence may be dissociable from other qualities of the mind, but not altogether to the extent of making it inevitable that an intelligent young man *must* desire the objectives of modern industry and finance. The phase of, perhaps unconscious, non-co-operation with high financial policy, or at least a condition in which the ablest, which is the class professedly desired by modern industry, are not *fully*-co-operative, and sufficiently unco-operative to make them bad bargains to employers, may be very near. We hope it is. Exploitation will have reached the point of diminishing returns (from exploitation).

Not since the *Daily Worker* began publication in 1930 has there been a new 'national daily newspaper,' and before that the *Daily Herald* in 1915 was the next last such enterprise.

A breach into the 'closed shop' of newspaper production is in itself, a good thing. *The Recorder* seemingly has effected this. Published weekly, it has been since 1939 the continuation of the *North London Recorder* first published in 1870. The new daily will "follow an independent policy of which the keynote will be pride in Britain and the British Empire. While serving no particular interests and having no specialised bias in its contents, it will believe in free enterprise." We wish it were as clearly stated that it will believe in enterprise free from the overriding control of financial policy.

Subject to the final details of registration, The Recorder Limited, the owners, will take over the paper as a going concern, with a capital of £125,000 in Ordinary shares and £25,000 in notes. Mr. W. J. Brittain will continue to be the editor. He is likely to be chairman of the new company and to own about three-quarters of its capital. The price of the new paper will be 2d., and at first its distribution will be limited to London and the Home Counties.

TO THOSE WHO TOIL

Under this heading we commenced last week the republication of Mr. Hamilton McIntyre's article from THE FIG TREE of June, 1935, entitled "Thirteen Years of Progress," explaining that the thirteen years of the title were now thirty-one wasted years from the point of view of the aspirations of 'Labour' to fuller participation in the fruits resulting from the accelerating improvement in industrial methods of production—which, of course, is the presumed object of organised Labour. We further suggested that the dissatisfaction which found partial expression at Douglas, which is expected to find a more embittered outlet at the forthcoming Labour Party Conference, was evidence that the Mond-Turner ideal of "Peace in Industry" still awaited the coping-stone of universal compulsion. We hoped for a review of this policy. Mr. McIntyre's article was a close examination of the official Labour Party Publication, "Socialism and Social Credit," 1935. The concluding pages of this review are below:—

Thirteen Years of Progress

A Review of the Official Labour Party Publication,
"Socialism and Social Credit," 1935

By A. HAMILTON MCINTYRE, C.A.

(Concluded).

SUBTLETY

The opponents of Social Credit have often said, as indeed, the Labour Party's Report suggests, that Major Douglas in his writings is very obscure. What, then, are we to make of the clarity of the following extract from the Report?—

A more subtle form of this argument maintains that the actual change-over from labour to machines causes a diminution of the actual monetary circulation. Since cost reduction, it is maintained, is the stimulus to replace labour with machines, the new costs will be less than the old, and hence the amount of money used by industry will be less. There are doubtless occasions when this will be so, but it seems equally probable that since the reduction of costs offers the prospect of higher profits, more, rather than less, will be borrowed by industry. Because a firm reduces its unit costs, it does not necessarily reduce the total amount which it spends, i.e., its aggregate costs.. (Page 20, line 25.)

The last sentence in the above extract is, of course, a clear statement of fact, but what is the meaning, or intention, of the paragraph as a whole is, I must confess I do not know. Presumably this "subtle form of the argument" is being fathered on to the Social Credit movement, but Social Crediters will have no hesitation in disowning it.

LABOUR SAVING

This particular section of the Report finishes up by saying that "the real objection to the replacement of labour by machinery" is that it "generally throws certain workers out of employment," and that:—

in any case it continually tends to reduce the relative share of labour in the product and increase the share of capital. (Page 20, line 40.)

The Social Credit proposal, as we all know, is to give every citizen of the country a share in the capital of the country in the form of a National Dividend, or, if you like to look on it in that way, to make everybody a capitalist. But the Labour Party committee say:—

The methods of dealing with this evil is not monetary policy, but Socialism. The community must, itself, own the machines. (Page 20, line 41.)

It is evident, therefore, that the committee are still unable to distinguish between titular ownership and administration.

Incidentally, no Social Crediter has any objection, real or fancied, to the displacement of labour by machinery, but, on the contrary, welcomes it.

WHEN DOCTORS DIFFER

The Third section of the Report is devoted to a consideration of the Social Credit cure, and the Report admits that this cure follows, for the most part, quite logically from the analysis. It is therefore rather extraordinary that, having to their mind completely disposed of the analysis, they should be at any trouble at all to deal with the cure. However, actually almost seven pages of the Report concern themselves with exposing the "fallacies" of the cure.

This particular aspect of the matter is dealt with by the committee in the following terms:—

Before proceeding to consider this scheme, we must emphasise that disagreement with Major Douglas's analysis is not in itself an adequate reason for rejecting his proposals entirely. It has already been pointed out that at a time when resources are not fully employed an increase in the quantity of money is required. Major Douglas does, in fact, suggest one way by which this might be provided. It remains to be seen how far this is the best way, and also how far the Social Credit proposals can secure not only the achievement but also the maintenance of a high level of production. (Page 22, line 1.)

The above paragraph confirms my previous contention that the committee had, at the back of their mind, some faint hope or fear—whichever way you like to put it—that the Social Credit proposals might possibly be operated within the present system. Having failed altogether to consider in any adequate way the basis on which the Social Credit proposals are founded, the committee naturally adopt the above outlook. If the committee had really examined the basic ideas which are fundamental to the Social Credit proposals, and rejected them, then there would have been no necessity whatever for them to deal with the remedial proposals at all.

The Social Credit proposals fall under three heads:—

- (1) The setting up of a National Credit Account:
This proposal is based on a conception of Real Credit.
- (2) The compensated price, sometimes referred to as the just price, or the national discount:
This is based on the axiom that the real cost of production is consumption, together with a realisation of the uses to which financial credit can be put.
- (3) The issue of a National Dividend:
This is based on the previous conceptions together with a realisation of the part played in production by what is called "The Cultural Inheritance."

The astonishing thing about the whole Report is that nowhere in it is there any sign that the committee have considered either:—

- (a) The distinction between Real Credit and Financial Credit.

(b) The axiom that the real cost of production is consumption, or

(c) The idea of The Cultural Inheritance.

Nowhere in the Report are any of these three things mentioned, and yet, as I have said, these three things are the fundamentals of Social Credit.

With regard to (b), namely, the axiom that the real cost of production is consumption, it is not surprising that the Labour Party committee do not deal with this, because, so far as I know, no critic of Social Credit has ever dealt with this. They have all considered it much wiser to ignore it.

STRANGE SILENCE

Assuming, for the moment, that the present money system works as the committee seem to think it does:—

In any one year let us suppose that the financial figures attaching themselves to the total production of the country are as follows:—

Consumable goods	£3,000 million
Capital goods and development	1,000 "
<hr/>	
Total production	£4,000 million

Then, presumably, the committee's conception of what happens is that people as a whole get £4,000 millions, out of which they spend £3,000 and invest £1,000. The question is, have the community been fairly charged?

If it is true that the real cost of production is consumption then the real cost of the year's production is only £3,000 million, not £4,000 million, and the correct price at which the £3,000 million of consumable goods should

have been charged was—£3,000 × $\frac{3,000}{4,000}$ or—£2,250

million; so that on a question which suggests that the community as a whole are possibly being overcharged £750 million per annum, the Report is curiously silent.

THE DIVIDEND

The section of the Report which deals with the National Dividend is very small. Its value as effective criticism is even smaller. Reference in it is made to the Draft Scheme for Scotland* which should, at any rate, suggest that the committee have studied that scheme. On the other hand, the paragraph goes on to suggest that it is proposed to distribute purchasing power equal to the total capital value of all assets.

There is, of course, no such proposal in the Draft Scheme for Scotland. The initial National Dividend in the scheme is suggested at one per cent. of such capitalised value, so that to the mind of the committee one per cent. must be equal to the total. This short paragraph on the National Dividend illustrates also the previous contention that the committee have made no study whatever of the question of Real Credit and Financial Credit. The following extract will make this clear:—

An obvious fallacy here lies in the fact that Major Douglas appears always to include the capitalised value of all assets in his estimate of production, and even goes the length of capitalising the productive capacity of individuals. (Page 27, line 38.)

*Social Credit by C. H. Douglas.

What the significance of the words "estimate of production" is, in the above sentence, is one which I am not quite able to solve. If it is an estimate of real resources up to date, then that is one matter; if the committee are suggesting that it is an estimate of increase annually, then, of course, that is another matter altogether. To illustrate the real worth of the committee's statement, I would refer the reader to the Scheme for Scotland: "From the Grand Total thus obtained" (valuation in money of physical assets plus population) "a figure representing the price value of the Scottish Capital Account could be obtained." By some peculiar means the committee translate the price value of the Scottish Capital Account into "estimate of production."

THE ONLY WAY

The last section of the Report deals with what it calls "The Real Solution." It is quite clear that to the mind of the committee no change in the financial system is required, so that from one point of view further comment on this section should be unnecessary. There are, however, some high lights which might be dealt with:—

Extract (1)—

By varying the lending policies of the Banks and thus the volume of money, it should be possible to increase very considerably the volume of output. (Page 28, line 24.)

Again is illustrated the conception that money and the volume of money is to control production.

Extract (2)—immediately following Extract (1)—

The standard of living could be made to rise slowly but steadily as the real productive power of society grew larger. (Page 28, line 26.)

Earlier in the Report the proportion of unemployed resources is stated at 30 per cent., so that it seems rather extraordinary to suggest that the standard of living requires only to rise slowly but steadily. One would think that a 30 per cent. increase at least would be due immediately.

Extract (3)—

In the view of the Labour Party, the course of capitalist depression is characterised by a deficiency of purchasing power at certain times, and an excess of purchasing power at others. (Page 28, line 30.)

Here, presumably, the committee are referring to purchasing power as against consumable goods.

Extract (4)—

Only money in active circulation provides a market for production and increases employment. One method, and again a perfectly orthodox one, of intensifying the activity of monetary circulation is for the Government to spend more money on capital account. (Page 30, line 33.)

The above illustrates the committee's belief in the velocity of circulation theory which, of course, is involved in their acceptance of control of price by the volume of money. The extract also illustrates what I have suggested earlier as the method the committee advocate of making good the deficiency which they see as between money and prices. The method, of course, is merely to "borrow yourself out of debt." The extract also shows that the committee think the objective of industry is to provide employment.

Extract (5)—

No doubt there is room for further capital expenditure on housing, but it should always be accompanied by the kind of investment in productive industry which will provide continuous employment at higher real wages. The real social

income must be increased. . . . It is not possible to persuade industry to borrow more when it is in the throes of acute depression. (Page 31, line 15.)

This extract again illustrates the previous statement that the committee think that the objective of the industrial system is employment. What real wages are, and what the real social income is, is perhaps a little doubtful, but there is a suggestion at any rate that it is only real if it is the result of work. The last sentence is, I think, of special significance.

Extract (6)—

This method, however, in so far as it involves an unbalanced budget, is not in accord with the Labour Party's official policy. (Page 32, line 5.)

So now Mr. Montagu Norman and his friends can sleep soundly at nights. Their pretty little financial system is in no danger from the official Labour Party.

At this point, one might pose a genuinely orthodox conundrum:—

Query: When is an unbalanced budget not an unbalanced budget?

Answer: When the expenditure on public works is funded.

Illustration: If your football team gets beaten by four goals to two, the simple remedy is to fund three of your opponent's goals, in which case your team has won by 2—1, and for the next three years you start the match a goal down.

This illustration, of course, is given strictly within the orthodox framework of present-day finance.

*Extract (7)—*dealing with a suggestion made by Mr. Thomas Johnston in connection with applying new creations of credit to reduce the price of certain commodities for supply to the poor—

The difficulty about such policies is purely psychological. They could, and would, be represented by the opponents of financial control as dangerously inflationary. They are nothing of the kind. They differ in no important economic respect from the most orthodox methods of financial reflation, but they could be misrepresented. (Page 33, line 2.)

Apart from the somewhat loose phraseology of the above—for example, "differing in no important economic respect from methods of financial reflation"—it seems to me that the committee have, when they recorded this statement, come nearer the truth of the matter than in the whole of the rest of the Report. In view of this, it is a pity that they chose to ignore the fact that their own difficulty with the Social Credit proposals is purely psychological too. They see in prospect, opposition to a particular aspect of their own ideas of precisely the same nature as their own opposition to the Social Credit idea. Whether such opposition is the result of an honest failure to grasp the proposals or not I leave to each individual reader of the Report.

Extract (8)—

It will be necessary for the Government through the machinery of central economic and financial authorities to control the lending policies of the Banks, the money income of the community, the volume of saving and the volume of expenditure. It can do these things most easily if it owns all industries. (Page 34, line 2.)

So now we know. Here is the picture of the ideal Socialist state. Studying the extract slowly again, one is

tempted to add—"and it can do these things more easily still if it owns all the population."

THIRTEEN YEARS' PROGRESS

It remains now only to consider the Report in relation to the previous Labour Party Report, which was published in 1922, and to which Major Douglas made an official reply* published shortly afterwards.

It is interesting to note that the first Report by the Labour Party has been allowed to go out of print and is no longer available to the ordinary public, but presumably it was available to the present sub-committee of three. One would imagine, therefore, that the committee, in making this present Report, would have consulted the earlier one and also Major Douglas's reply.

In his reply to the first Report, Major Douglas laid down the four premises from which the first Labour Report proceeded, as follow:—

- (1) That financial credit is a concrete thing conditioned by limitations inherent in itself.
- (2) That banks and bankers cannot and do not create financial credit.
- (3) That the price of an article should be what it will fetch.
- (4) That the objective of the industrial system is employment.

These were the premises from which the 1922 Report proceeded. Does the 1935 Report show any alteration in these premises? The answer is that the present Report admits that banks and bankers can and do create financial credit. It has to admit that, because it has been proved; but obviously the implications of such an admission have been ignored.

For all practical purposes, therefore, the premises from which the 1935 Report proceeds are the same as the premises from which the 1922 Report proceeded.

In his reply to the earlier Report, Major Douglas laid down the premises of the Social Credit movement as follows:—

- (1) That financial credit is a mere device which can have no economic significance apart from real credit.
- (2) That banks and bankers can and do create financial credit, and by successful manipulation appropriate the power resident in the real credit of the community for purposes largely anti-social as well as purely selfish.
- (3) That the price of an article should be that which will get it produced and delivered in the maximum quantity desired.
- (4) That the objective of the industrial system should be the delivery of goods and services to the orders of individual consumers. It should not be employment, nor is it a common aspiration of the community that it should be designed to place any individuals whatever, either high financiers or members of the

*These Present Discontents: The Labour Party and Social Credit.

Labour Party Executive (however great their moral and intellectual qualifications may be), in a position to arbitrate on what is, or is not, useful work, and to withhold a share in economic prosperity from "non-workers" as thus arbitrarily defined.

The Labour Party committee therefore had this statement of the premises of the Social Credit movement before them for their consideration, and I leave to each individual reader of the Report the question as to how far the committee have studied these premises, and to what extent they have attempted to shake them.

Imagine that some person put forward for your consideration certain proposals. Would not your first question be:—

- (a) "What are you trying to achieve, and why?"
- (b) "Are the proposals you suggest going to achieve your object?"

These questions show what might be called a common-sense attitude to any proposals of any kind.

The question for the reader's consideration is—"Have the committee of the Labour Party, before rushing in to criticise the methods to be employed, made any attempt to find out what the Social Credit Movement is trying to achieve, and why?"

The pronouncements of the Labour Party on Social Credit will, therefore, in my opinion, never be of any great value until they will make a pronouncement upon the aims of Social Credit as distinct from the methods advocated. However efficient the engine of a motor car may be, it is not of much value if the bonnet is aiming in the wrong direction.

CONCLUSION

In conclusion, I would draw the attention of the reader to the correspondence which passed between the Labour Party and the Social Credit Movement both in connection with the previous Report and in connection with the present Report.

The committee state:—

We were anxious to have the assistance of recognised supporters of these proposals in exploring how far they might be harmonised with Socialist belief and policy. We accordingly approached the Social Credit Secretariat with an invitation to nominate a representative who would be willing to meet us for a discussion of matters in which we were mutually interested. . . . We explained that we made no claim to be an impartial committee in the sense of having no attachments, that we were, in fact, convinced Socialists. . . . We emphasised our desire to explore the possibilities of partial agreement between the Labour Party and the Social Credit Movement.

The above extracts and other statements of a similar nature included in the Preface to the Report show that the committee were trying to make their position clear. This is quite understandable when one considers who the committee were, but I do not think that the arguments put forward dispose of the particular aspect of the matter which I have dealt with above, and the Social Credit Secretariat, quite naturally, declined the invitation. Somewhat the same position was disclosed in the 1921 correspondence, with the exception that no points of agreement were alleged to exist then.

I think, on the whole, that the truth of the matter is that the official Labour Party has never clearly stated the

premises on which it takes its stand, what it is trying to achieve, and the methods by which it hopes to achieve it. It has, more or less, confined itself in its publications to questions of administration as opposed to questions of policy, and to questions of morals—that is to say, expressions as to things being right or wrong—as opposed to questions as to whether things are workable or not workable. In this sense the official Labour Party, it seems to me, are more concerned with making individuals "good" than with making them free.

Orthodox Socialism would suggest that only a limited number of individuals can be free and that these can obtain their freedom only at the expense of others. The Social Credit Movement, on the other hand, suggests that it is now possible to grant individual economic freedom to all, and that such individual economic freedom is socially desirable.

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